

HOUSE BILL 3599

By Lundberg

AN ACT to amend Tennessee Code Annotated, Title 45
and Title 47, Chapter 18, relative to consumer
protection.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 47-18-104(b), is amended by adding the following language as a new, appropriately designated subdivision:

() Failing to comply with part 56 of this chapter;

SECTION 2. Tennessee Code Annotated, Title 47, Chapter 18, is further amended by adding the following language as a new, appropriately designated part:

47-18-5601. As used in this part, unless the context otherwise requires:

(1) "Legal action" means:

(A) A bona fide civil action or statutory claim in which damages may be awarded;

(B) A cause of action or legal claim upon which a civil action or statutory claim described in subdivision (1)(A) may be based;

(C) Any agreement or negotiation towards settlement of a pending civil action or statutory claim; or

(D) Any agreement or negotiation towards an agreement under which a civil action or statutory claim would not be initiated;

(2) "Legal funding" means any amounts loaned to a person involved in a legal action where the person assigns to the legal funding provider the contingent right to receive a part of the proceeds of a settlement, insurance payment, or award of damages obtained in the person's legal action;

(3) "Legal funding provider" means the person or entity, who for a fee, interest charge or other remuneration, enters into a legal funding transaction with another person;

(4) "Legal funding transaction" means a transaction in which a legal funding provider provides funds to a person involved in a legal action and the person receiving the funds assigns to the legal funding provider the contingent right to receive a part of the proceeds of a settlement, insurance payment, or award of damages obtained in the person's legal action; and

(5) "Person" means an individual, a partnership, a corporation, a limited liability company or another organization.

47-18-5602.

(a) No lender shall enter into a legal funding transaction with another person.

(b) A legal funding transaction contract entered into in violation of this section is void.

47-18-5603. A violation of this part constitutes a violation of the Tennessee Consumer Protection Act of 1977, compiled in part 1 of this chapter.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to all transactions entered into or renewed on or after the effective date of this act.